

Alcohol Review

Modernizing the Legal Framework

Government announced the comprehensive review of the beverage alcohol sector in the 2018 Fall Economic Statement

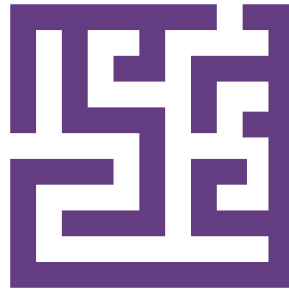


Alcohol reform is something long-desired by the people of Ontario. The government is committed to modernizing the rules for the retail and consumption of beverage alcohol in Ontario by acknowledging that the province is mature enough for this change and ready to join other jurisdictions in making life a little more convenient. As part of this commitment, a level playing field will be encouraged by expanding the sale of beer and wine into corner stores, grocery stores and big-box stores based on market demand as opposed to government decree. To inform this plan, a comprehensive review of the beverage alcohol sector will be completed. This review will include opportunities for consumers and businesses to provide input on a range of issues that impact Ontario's rules around the sale and consumption of beer, cider, wine and spirits.

– A Plan for the People: 2018 Ontario Economic Outlook and Fiscal Review

Ontario's liquor legislation has not been comprehensively updated in over 40 years

1927...
1975...
...2019



Liquor legislation has not been comprehensively updated since 1975, with some sections dating back to 1927, resulting in an approach that is not in keeping with modern practice.

Successive governments have made incremental changes to the legislative framework, resulting in a patchwork approach in terms of where regulatory authorities are housed.

The current legal framework is complex and difficult for businesses to understand the rules that apply to them and which entity administers those rules.



- The government heard from stakeholders that changes need to be made to clarify the rules and reduce the burden on businesses.
- The Alcohol Review is an opportunity to modernize the legislative framework for beverage alcohol to enable the government to address some of these issues.

The government is proposing a reasonable and responsible approach to modernizing the legal framework for beverage alcohol

Types of Changes

Description of Proposal

1 Reorganize

- Reorganizing existing provisions to clearly separate the Liquor Control Board of Ontario's (LCBO) operational function from the Alcohol and Gaming Commission of Ontario's (AGCO) regulatory function
- **Examples:** Transferring residual oversight authority over retailers from the LCBO to the AGCO

2 Modernize

- Adding, removing or changing provisions to modernize the existing liquor framework with the aim of reducing burden, facilitating better monitoring and enforcement and reflecting the changing retail landscape
- **Examples:** Updating unclear or outdated provisions, updating inspection and investigation provisions

3 Enable Retail Expansion

- Facilitating retail expansion, with a focus on ensuring there is the necessary regulation-making authority to enable future decisions
- **Examples:** Setting out the broad categories of licences while ensuring that there is authority for the Lieutenant Governor In Council (LGIC) to make regulations to implement any future retail expansion model

See Appendix for additional detail on the existing legal framework and how requirements are proposed to be reorganized.

As part of the Alcohol Review, the government is introducing broad legislative changes to modernize the legal framework

If passed, Bill 138, the Plan to Build Ontario Together Act (Budget Measures), 2019 would:

- Create two new statutes outlining agency governance and corporate powers for AGCO and LCBO:
 - The Alcohol and Gaming Commission of Ontario Act, 2019 (see Schedule 1)
 - The Liquor Control Board of Ontario Act, 2019 (see Schedule 21)
- Move all existing regulatory provisions for the licensing system (sale, service and delivery of alcohol) into one statute called the Liquor Licence and Control Act, 2019 (see Schedule 22)
- Re-name two statutes to reflect the remaining provisions contained within them:
 - The *Alcohol, Cannabis and Gaming Regulation and Public Protection Act, 1996* would contain the tax regime for beer, wine and spirits and be renamed the Liquor Tax Act (see Schedule 2)
 - The *Liquor Control Act* would contain provisions related to the Master Framework Agreement (MFA) and be renamed the Liquor Sales Agreements Act (see Schedule 21)
- Repeal two existing statutes as the required provisions would be consolidated under the Liquor Licence and Control Act, 2019:
 - The *Liquor Licence Act* (see Schedule 22)
 - The *Wine Content and Labelling Act, 2000* (see Schedule 22)

If passed, the legislative changes would come into effect at a later date (i.e. on proclamation). Note that there are some tax related amendments in Schedule 2 that would come into effect on Royal Assent.

The changes would, if passed, update the law to make it easier for businesses and consumers to understand the rules



Alcohol and Gaming Commission of Ontario Act
Establishes the AGCO and its regulatory power to administer the alcohol statutes / regulations

LCBO

Liquor Control Board of Ontario Act
Establishes the LCBO and its role to establish retail stores, buy / sell liquor as a wholesaler and retailer, import liquor, and promote social responsibility



Liquor Licence and Control Act
Creates the licensing system for the sale, service and delivery of alcohol



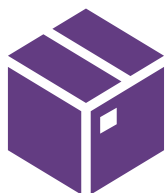
Liquor Tax Act
Contains tax regime for beer, wine and spirits



Liquor Sales Agreements Act
Provisions related to the Master Framework Agreement (MFA)

The changes would also lay the groundwork for expanding beer and wine into corner stores and even more grocery and big-box stores

- The proposed legal framework would establish regulation-making authority in a number of key areas, including:



Rules regarding the purchase, wholesale, sale, delivery or storage of liquor



Prices at which liquor is to be sold at retail stores or by wholesalers



Licences / permits (including classes or sub-classes) and the conditions imposed on holders



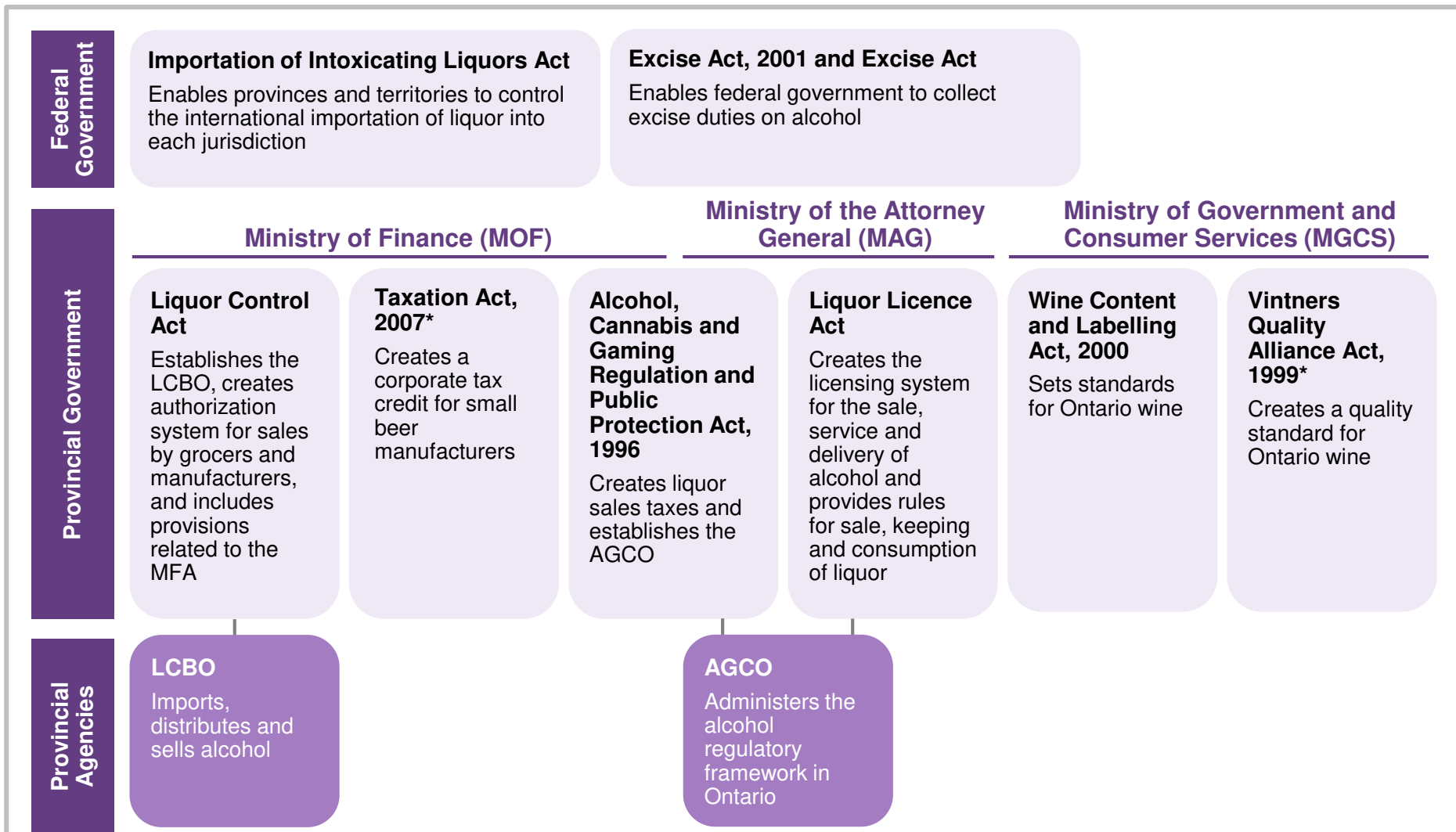
Rules regarding the assortment of products that retail stores are allowed to sell

Next Steps:

- If passed, detailed regulations would be developed in consultation with stakeholder groups. All existing regulations would be reviewed and reorganized / modernized. New regulatory requirements would be developed for retail expansion once policy decisions are made.
- The new legal framework would not be in effect until regulations are finalized and legislation is proclaimed. Until then, all existing legislation and regulations will remain in effect.

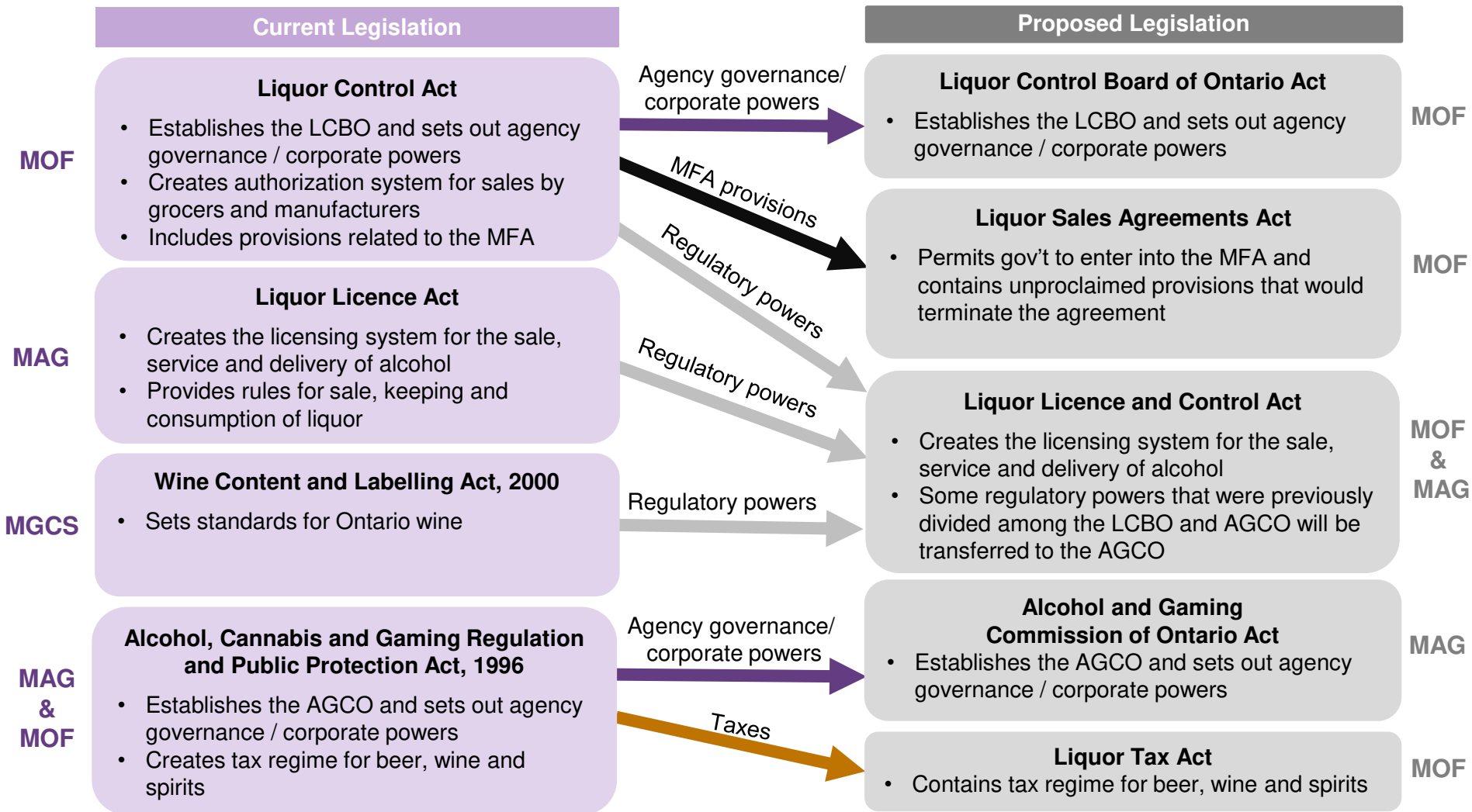
Appendix

The existing legislative and regulatory framework crosses two levels of government, and multiple ministries and agencies

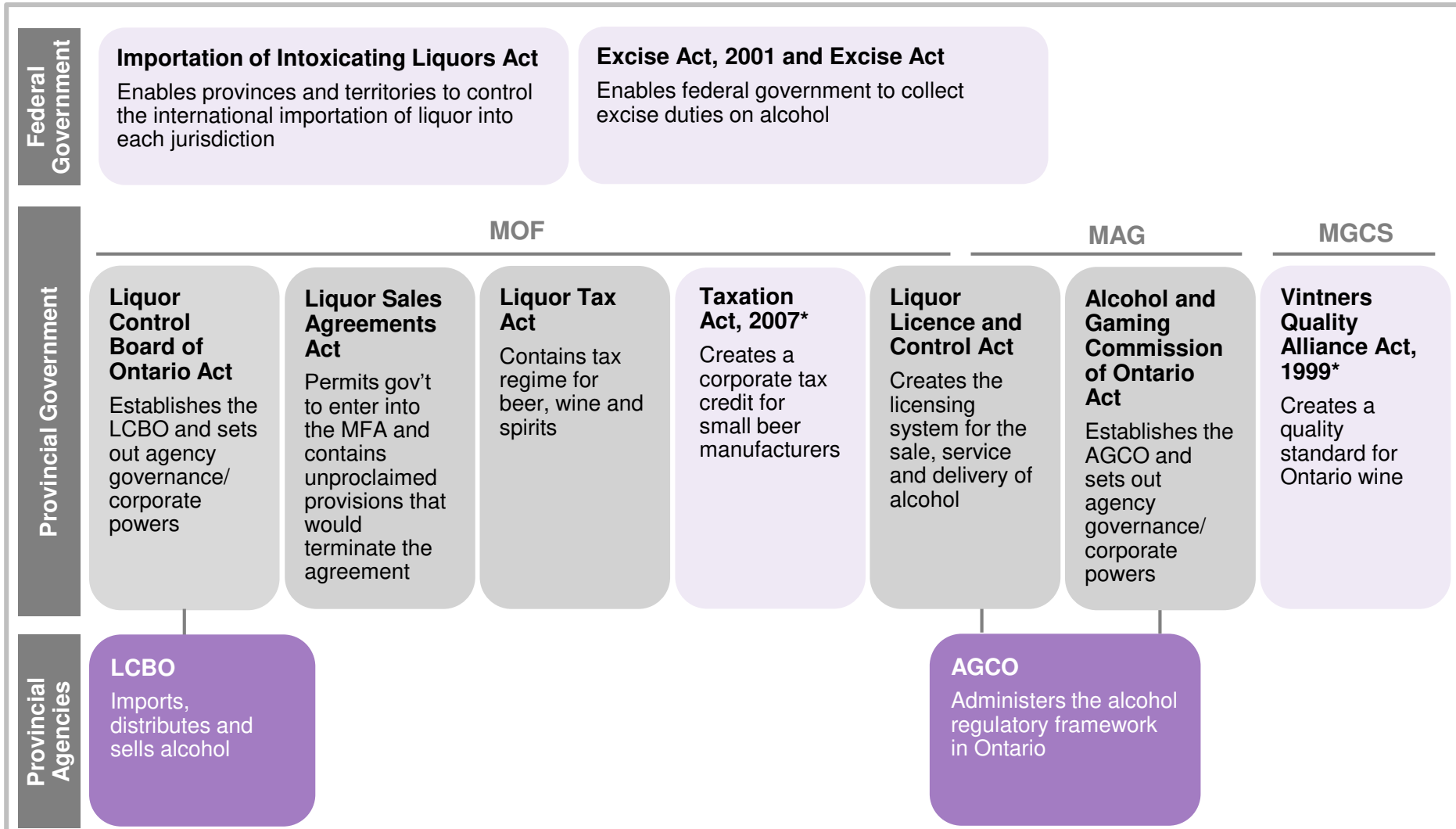


* No changes are proposed as part of legislative rationalization

Existing provisions would be grouped in a more rational way and outdated provisions would be updated



If passed, the provincial legislation would be organized in a clearer way and easier to understand



* No changes are proposed as part of legislative rationalization